

Exhibit 1

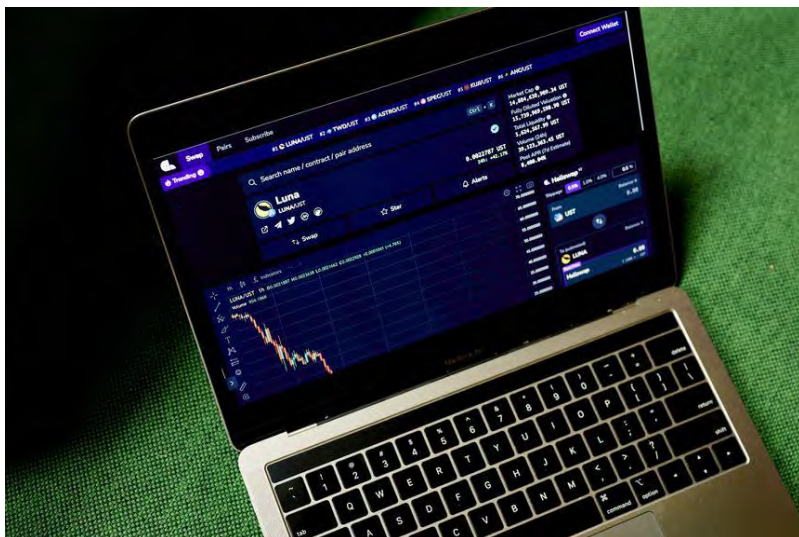
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<https://www.wsj.com/articles/battered-crypto-hedge-fund-three-arrows-capital-considers-asset-sales-bailout-11655469932>

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Crypto Hedge Fund Three Arrows Capital Considers Asset Sales, Bailout

Firm's founders say they still believe in the future of cryptocurrencies



By Serena Ng

June 17, 2022 8:45 am ET

Cryptocurrency-focused hedge fund Three Arrows Capital Ltd. has hired legal and financial advisers to help work out a solution for its investors and lenders, after suffering heavy losses from a broad market selloff in digital assets, the firm's founders said on Friday.

"We have always been believers in crypto and we still are," Kyle Davies, Three Arrows's co-founder, said in an interview. "We are committed to working things out and finding an equitable solution for all our constituents."

The nearly decade-old hedge fund, which was started by former schoolmates and Wall Street currency traders Su Zhu and Mr. Davies, had roughly \$3 billion in assets under management in April this year.

That was shortly before a sudden collapse in the values of TerraUSD, a so-called algorithmic stablecoin, and its sister token, Luna, in mid-May.

Three Arrows is exploring options including asset sales and a rescue by another firm, Mr. Davies said. The fund is hoping to reach an agreement with creditors that would give it more time to work out a plan. The firm is still operating as it seeks a solution.

Price of Luna Classic*



Note: The original cryptocurrency previously called Luna. A new Luna token was issued last month after the collapse of TerraUSD and Luna Classic

Source: CoinDesk

Three Arrows was among a group of large investors that took part in a \$1 billion token sale earlier this year by Luna Foundation Guard, a nonprofit organization started by South Korean developer Do Kwon, the creator of TerraUSD. The funds went toward a bitcoin-denominated reserve for the stablecoin, and were meant to help maintain TerraUSD's value at \$1 per coin.

Mr. Davies said Three Arrows invested about \$200 million in Luna as part of that deal, a sum that was effectively wiped out when TerraUSD and Luna both became worthless in a matter of days.

The two cryptocurrencies were previously among the 10 largest digital coins before they lost a total of \$60 billion in market capitalization last month, he added. Before the collapse, a few people in the crypto industry had voiced concerns about TerraUSD's stability and its dependence on traders to act as its backstop, saying this mechanism could allow for a potential downward spiral.

"The Terra-Luna situation caught us very much off guard," Mr. Davies said, adding that the massive selloff was unprecedented. The Luna Foundation's sale of bitcoin to help support TerraUSD also worsened declines in the value of bitcoin in May.

Mr. Davies said Three Arrows was able to withstand the Luna losses, but the subsequent cascade of events that caused prices of bitcoin, ether and other cryptocurrencies to plummet in recent weeks created more problems, he added.

Credit conditions have tightened markedly as digital asset values have fallen across the board, leading some lenders to demand partial or full repayment on loans they previously made to crypto investors. Rapidly rising U.S. interest rates—a result of the Federal Reserve's attempts to rein in high inflation—have also worsened a selloff in riskier assets.

How many dollars one bitcoin buys

\$70000



Source: CoinDesk

Crypto's total market capitalization, which had topped out at nearly \$3 trillion in November last year, had tumbled to \$910 billion as of Friday, according to data provider CoinMarketCap.

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Last weekend, Celsius Network LLC, a widely used cryptocurrency lender, abruptly froze customer withdrawals, swaps and transfers between accounts, blaming what it said were extreme market conditions.

“We were not the first to get hit...This has been all part of the same contagion that has affected many other firms,” Mr. Davies said.

He said Three Arrows is still trying to quantify its losses and value its illiquid assets, which include venture-capital investments in dozens of private cryptocurrency-related companies and startups.

“We are the biggest investors in the fund, and our intent was always for everyone to do well in it,” said Mr. Zhu, Three Arrows’s other founder.

Back in early 2021, Mr. Zhu had predicted that bitcoin would enter what is known as a growth supercycle with continually rising prices as the cryptocurrency gained more mainstream adoption. In late May, as the market selloff was under way, he tweeted that the “Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day.”

The sudden comedown of Three Arrows follows the firm’s previously strong performance record. Messrs Zhu and Davies started their fund in late 2012 with just \$1.2 million. It originally focused on trading emerging markets currencies before moving heavily into cryptocurrencies in recent years—multiplying the fund’s investments as bitcoin and other digital assets increased in value.

The firm is known to have had large positions in the Grayscale bitcoin Trust and “Lido staked ether” tokens, both of which have also suffered losses recently. The latter is derivative of the cryptocurrency ether that is locked up until the Ethereum network transitions to a less energy-intensive model. These tokens have recently traded at a discount to ether itself.

Nichol Yeo, a partner of law firm Solitaire LLP who is advising Three Arrows, said all of the fund’s investors are institutions or wealthy investors. He added that the firm is keeping Singapore’s financial regulator, the Monetary Authority of Singapore, apprised of its recent developments.

Just before the latest downturn, Three Arrows said it was making plans to move its headquarters to Dubai, where the digital-asset industry is booming. The firm operated as a

regulated fund manager in Singapore until last year, when it shifted its domicile to the British Virgin Islands as part of its relocation plan.

—*Caitlin Ostroff and Vicky Ge Huang contributed to this article.*

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